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Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2004

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Report Highlights:

From America's largest overseas food and agricultural export market as translated from Japan's mass media and food industry news. This issue includes: *Reins International Inc.*, diversifies into the convenience store sector, to correct losses stemming from ongoing problems with the beef import ban in Japan; Beef bowl chain operator, *Yoshinoya D&C*, blames Japan's ban on beef imports for its first net loss in 24 years; A recent survey in Japan shows that while less than half of consumers check labels to make sure food is safe, slightly more than half are also concerned about food safety but can't figure out what is safe and; *Nichirei* plans to import organic chicken from French livestock company *Bodyn* and sell it in Japanese department stores at prices three times that of normal broiler prices.

Includes PSD Changes: No
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Food Business Line

Periodic Press Translations from ATO Tokyo

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Retail/Wholesale

- *Reins International Inc.*, an operator of grilled-beef restaurants and other chains, announced on July 9 that it plans to acquire midsize convenience store chain *am/pm Japan* in August. *am/pm Japan* operated 1,420 stores as of March 31. By placing *am/pm* under its umbrella, *Reins* hopes to take advantage of the earnings in the convenience store sector and recover its losses brought about by the long-standing problems in the food service market brought about from the recent series of BSE cases. *Reins* will also consider converting unprofitable *am/pm* stores into restaurants and apply its brand development and customer service know-how to the convenience store operations. (a 7/9)
- According to the *Japan Department Store Association*, total sales of its member department stores in the Tokyo area during the month of June declined by 6.1% compared to last year. It was the fourth consecutive month of not achieving the previous year's level. Food sales declined by 2.7%. (a 7/15)

Food Service

- *Gyudon* grilled-beef bowl chain operator, *Yoshinoya D&C*, announced that it expects a 1.88 billion yen group net loss for the fiscal year ending in February 2005. The first net loss in 24 years is attributed to Japan's ban on beef imports from the U.S. (b 7/1)

Food Processing/New Products/Market Trends

- The two recently created giant cooking oil groups, *Nisshin Oillio Group* and *J-Oil Mills*, consisting of Japan's seven major oil companies, started their respective operations on July 1. (f 7/8)
- Summer sales are becoming increasingly feverish, with the historic hot weather, the increase of bonuses for salaried workers in major Japanese organizations, and the upcoming Olympics games. Summer clothing and air conditioners sales are higher than usual, and people are rushing outdoors for travel and leisure. Also, beer gardens are full of customers every day as more people choose to go out for dinner. (b 7/13)

Food Safety/Consumer Awareness

- According to the consumer survey by the *Nikkei Research Institute of Industry and Markets* on food safety, 44.4% of the respondents replied that they check labels and make sure to eat safe food. On the other hand, 55.4% replied that they are concerned about food safety, but can't make out what is safe. Also, only 20% were satisfied with the current labeling schemes in supermarkets and other retailers, revealing that consumers are highly interested in labeling but are unsatisfied with what they see. (b 7/6)

ATO/Cooperator/Competitor Activities/Trade Shows

- Pulp Juice Bar, an emerging juice bar chain in Australia, is to open its first shop in Japan in April 2005. It aims to open about ten shops in the Tokyo metropolitan area within a year. Each fruit or vegetable juice offering is freshly squeezed after an order is taken. Also, powdered health supplements such as vitamins and proteins could be added as extra toppings according to the customer's choice. (b 7/6)
- *Nichirei* plans to import organic chicken from French livestock company *Bodyn* and sell it in Japanese department stores. Although the price will be set to three times higher than that of normal broilers, *Nichirei* and *Bodyn* expect to establish an exclusive brand image and attract Japanese consumers with its safety message that will tell the consumer the product is without antibiotics, amino acids or meat and bone meal. (b 7/8)

∞ Sources ∞

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|----------------------------------|---|
| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |

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